

E-015/PA-90-153 FOR INVESTIGATIONS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice M. Vick	Commissioner

In the Matter of the Petition of Minnesota Power to Sell a Twenty Percent Ownership Share in the Boswell Generating Unit No. 4 Facilities to the Wisconsin Public Power Incorporated System

ISSUE DATE: August 24, 1990

DOCKET NO. E-015/PA-90-153

ORDER FOR INVESTIGATIONS

PROCEDURAL HISTORY

On March 13, 1990, Minnesota Power & Light Company (Minnesota Power) filed a Petition with the Minnesota Public Utilities Commission (Commission) requesting approval of the transfer of certain generating facilities to Wisconsin Public Power Inc., System (WPPI). The Commission finds that its approval of the transfer in this docket does not assure that Minnesota Power's ratepayers will be paying appropriate rates after the transfer of facilities to WPPI occurs.

Based upon the information presented in the transfer proceeding, the Commission concludes that Minnesota Power's revenue requirements will be reduced as a result of the transfer. The transfer is scheduled to close between May 1, 1990 and October 31, 1991, depending on certain contingencies. However, pursuant to a repurchase or "buy-back" provision in the sale agreement, Minnesota Power will buy back 100% of WPPI's Boswell 4 capacity and energy for up to one year after closing and 60% for the second year after closing. Thus, the reduction in Minnesota Power's revenue requirements caused by the transfer will not occur until the two buy-back periods are reduced and terminated, respectively. Other components in Minnesota Power's revenue deficiency calculation could change between now and the respective buy-back dates so that it is not appropriate to order any reduction in Minnesota Power's rates at this time.

Based upon the foregoing considerations and Minnesota Power's agreement to the terms outlined in the Order below, the Commission enters the following:

ORDER

1. Pursuant to Minn. Stat. § 216B.21, two separate investigations of Minnesota Power's rates shall commence effective on the date that the buy-back amount is reduced from 100% to

60% and on the date that the second buy-back period is terminated (the "investigation dates"), respectively, as follows:

- (a) Unless prior to either of the investigation dates Minnesota Power files for a general change in its Minnesota jurisdictional rates, which filing incorporates a test year that includes some portion of the ten-month period following either of the investigation dates, Minnesota Power shall file on each investigation date a fully allocated Cost of Service Study and provide responses to subsequent data requests of intervening parties in conjunction with each investigation. Minnesota Power shall serve a copy of its filing on each party of record in this docket.
- (b) Each of these two investigatory proceedings shall be limited in scope to the determination of the total Minnesota jurisdictional revenue requirement. If the jurisdictional revenue requirement shows that a negative revenue deficiency exists as of an investigation date, Minnesota Power shall adjust all retail rates retroactively to that investigation date, using the revenue responsibility allocations and rate designs approved by the Commission in Minnesota Power's last general rate case decided before that investigation date. Unless Minnesota Power has filed a change in rates, no adjustment in rates shall be made for a positive revenue deficiency.
- (c) To facilitate making any rate adjustments effective as of each respective investigation date, Minnesota Power has agreed that, effective on each of the two investigation dates and continuing for a period of 10 months after each investigation date, Minnesota Power's retail rates shall become subject to refund pending the conclusion of the investigation. Any refund shall be made in a manner consistent with the refunding procedures contained in Minn. Stat. § 216B.16, subd. 3.
- (d) Each investigative proceeding shall follow the same procedural format: a filing by Minnesota Power on or before the investigation date, a period of 90 days following the investigation date during which discovery and settlement discussions shall take place, a filing of intervenor testimony in response to the filing on or before the 110th day, a surrebuttal filing on or before the 125th day, and a hearing, if necessary, to begin as soon thereafter as can be scheduled by the Office of Administrative Hearings.

- (e) Nothing herein shall preclude Minnesota Power from filing for a general rate change pursuant to Minn. Stat. § 216B.16.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)